BLACKTOWER magazine

Issue No 8: Spring 2014

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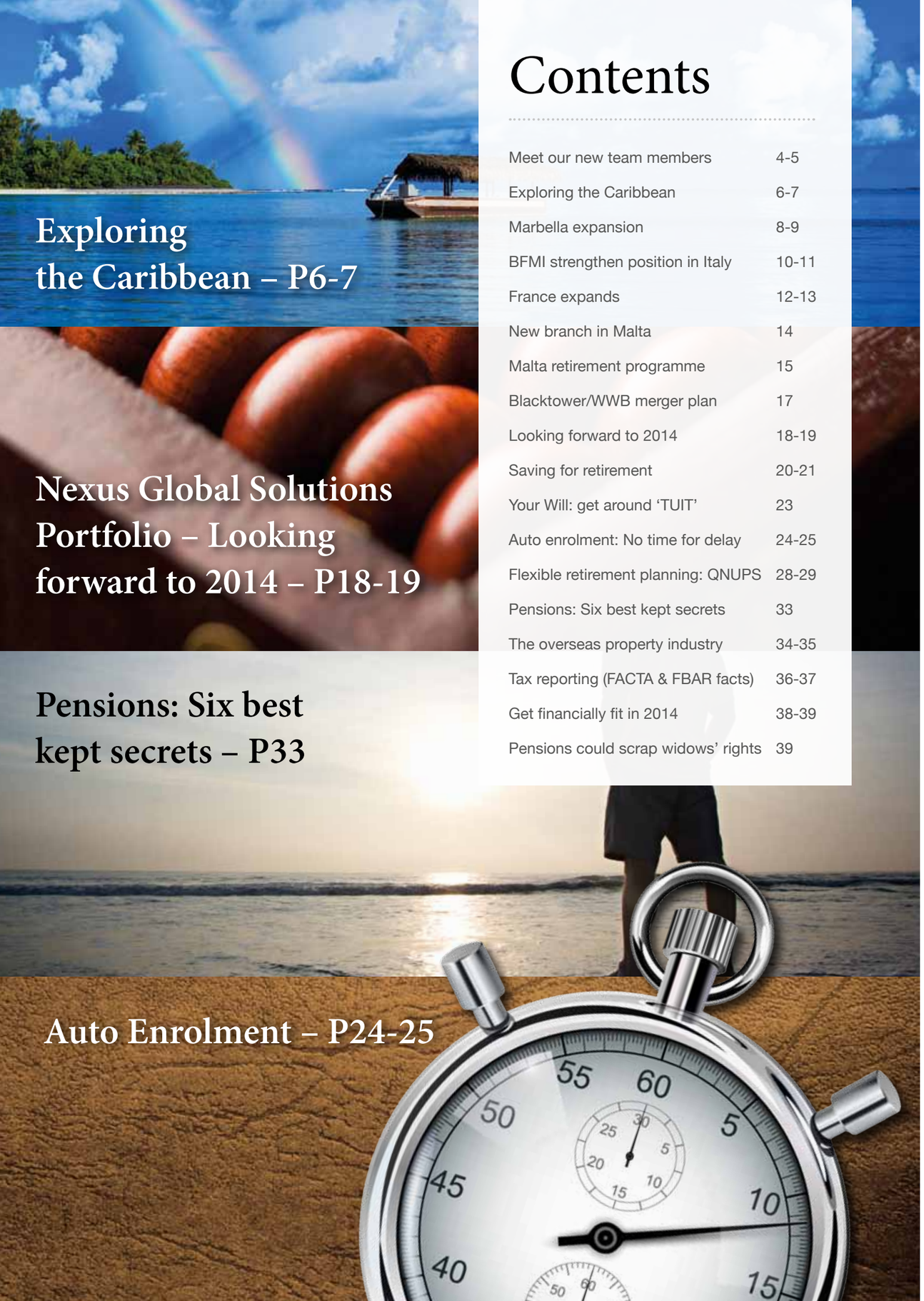

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John C Westwood
Group Managing Director

Dear Reader

Welcome to the 8th edition of the Blacktower Magazine. As you will see reading through the magazine it has been another very exciting year for the Blacktower Financial Management Group as we continue to expand. This includes a merger with WorldWideBroker Netherlands headed up by Paul Brown, which will rebrand as Blacktower early in 2014.

Our team in France has been consolidated with three new members, headed by Country Manager, Simon Verity and we have added four new advisers and a co-ordinator to our Costa del Sol office, headed by Director and Country Manager, Ally Kerr.

We have also received official confirmation for the establishment of a Branch in Malta which will be headed by Jan Bjorkmann who has now left our Gibraltar office to start a new life in Malta with his family.

We recently received authorisation enabling us to establish an office in the Cayman Islands which we are very enthusiastic about as it takes us into the Caribbean and Latin American Markets. The new office will be in George Town on Grand Cayman and we will be looking to appoint advisers and support staff in the early part of 2014.

Our Nexus Global Solutions Fund which was launched in the early part of last year, has now had a name change to Nexus Global Solutions Portfolio and Portfolio Manager, David Miller gives us an update on how the Portfolio is performing, later on in the magazine.

There are various other topical articles for both International and UK clients, which I hope you will find of interest.

John Westwood

Meet our
New team members...

Antonio de Rosa

International Financial Adviser
Portugal

Antonio is a highly experienced business executive with a successful 30+ year career in various challenging industries with particular interest in the Financial and Legal industry, having worked in the City of London for some 20 years. His main attribute is being an organised leader and people motivator with highly developed communication and interpersonal skills.

Although he has a Portuguese heritage, he is originally from London and moved to Portugal 13 years ago having successfully sold his shareholding in a London City based financial/legal computer company. Since then he has owned and run a diverse range of companies from financial consulting and property development to owning a chain of upmarket restaurants, all in the greater Lisbon area.

He was asked to join Blacktower in July 2013 to assist in expanding our services to the greater Lisbon area, having been predominantly in the Algarve since 1999. This is a challenging venture and he looks forward to offering his business experience to clients seeking independent financial advice.

Mark Fielding

International Financial Adviser
Portugal

Mark was a money broker in the City of London for 24 years and specialised in arbitrage. He worked closely with many Japanese banks, who demand the highest level of honesty and integrity.

With his keen interest in the financial world, Mark has built up a strong network of contacts, and this prompted him to re-sit his financial exams to join the Blacktower Algarve office in June 2013. Providing a high level of service which is professional, courteous and prompt is paramount to Mark.

Having moved to the Algarve in 2002, he lives with his partner and her two children in Boliqueime. He is a keen sportsman and especially enjoys playing golf and tennis.

Diane Brittain

Reconciliation Assistant
Portugal

Diane joined the Commissions Team in the Algarve as a Reconciliation Assistant, at the beginning of October.

Prior to moving to Portugal, she spent the last 20 years working for the wholesale subsidiary of Hallmark Cards UK Plc, in the north of England.

Joining Hallmark as Marketing Manager, she also gained experience in the Customer Service Department and finally in the Senior Management Team as Head of Operations.

Working with the Hong Kong buying office and many factories in the Far East and also the Reprographic & Manufacturing units in Bradford, West Yorkshire, her main priorities were ensuring that the whole production cycle was on time, cost effective and accurate and she aims to apply this experience to her new role within Blacktower.

She has been married to her husband, Russ for over 20 years and enjoys walking in the beautiful Algarve countryside in her spare time.

Kelly Roberts

Administrator/Co-ordinator
Portugal

Having moved to Portugal from the UK when she was only 5 years old, Kelly trained in the UK, Spain and Denmark to be a fully qualified Hearing Aid Dispenser. She worked in that industry for 12 years before deciding to make a significant career change and joined the Blacktower Financial Management (International) Ltd team in Portugal.

Kelly's role consists of providing secretarial and administrative support on a one-to-one basis.

Phil Stephens

International Financial Adviser &
Development Director, **Gibraltar**

Phil Stephens has been working in the financial services business for over 30 years now and has specialised in International financial planning for the past 15 years.

Working for firms like Moore Stephens Chartered Accountants in London, New York and Gibraltar, exposed him to some celebrity clients with business and investment interests in Europe, Asia and the Americas. This exposure to International tax planning has been particularly helpful when dealing with expatriateriate clients.

He has also maintained a high level of co-operation with tax specialists and other legal professionals working in the International financial planning arena.

With all of his close family living in America, he maintains a special interest in assisting US Citizens and expatriates along with UK Nationals holding "Green Cards."

He uses various innovative tax effective investment structures although he says, "the best tax planning in the world is of little benefit if the investment portfolio under-performs."

Phil Stephens lives in Gibraltar and Portugal with his life partner Penny.

Yvonne Corkish

Administration Manager
Gibraltar

Yvonne was born in Liverpool although she is not a football fan.

She was a member of the Women's Royal Air Force and an Administration Officer at the Ministry of Defence before working in the Financial Services sector.

She has worked for a number of companies since 1990, including 12 years with Zurich (Allied Dunbar) where she was the Principle Head Office contact for over a dozen Top Producer Practices. She then worked for 2 years with Towry Law International in the Johannesburg and Marbella offices and then 6 years with two companies in the Marbella and Estepona areas.

She has recently joined the Head wOffice of BFMI in Gibraltar as the Administration Manager and assists Robert Mancera, our General Manager and Director.

Yvonne enjoys golf and has a 13 handicap, is a mediocre cook and enjoys the odd book.

Blacktower opens the door to Caribbean and Latin American Markets

We are pleased to announce that the Blacktower Group has set up an office in the Caribbean, with the establishment of a Branch in the Cayman Islands, which will allow the Group to expand its traditional remit as a wealth manager into new markets.

The office will be structured as a separate company that will sit within the Blacktower Group structure. It will open up the Caribbean and Latin American regions to us and will be located in George Town on Grand Cayman which is the capital of the island.

We have obtained a Securities and Investment Business licence from the Cayman Islands Monetary Authority and this enables us to act as a securities adviser and securities manager of our clients' assets in addition to advising in a more conventional wealth management capacity, as we do in our European businesses.

Initially, we will be concentrating on our traditional strengths in wealth management. However, we intend to expand our service offering there as we build the Cayman business over the next couple of years.

We are very much looking forward to this new and exciting challenge.

Post-merger with WorldWideBroker, but not including the Cayman Islands office, which is due to open early in 2014, Blacktower will have 12 offices in 10 countries, including our UK office in Surrey, England.

By John Westwood – Group Managing Director

The new office will be located in George Town on Grand Cayman

Marbella Office
Further expansion

New Spain addition

Welcome to the fast growing, vibrant Marbella office! We are proud to announce a number of new staff members that recently strengthened the existing team members of Ally Kerr – Country Manager and BFMI Director, Patrick Macdonald – Adviser and Anita Pembery – Regional Administrator.

Tim Govaerts joined Blacktower as Area Manager and comes from one of the other major independent advisory firms on the Costa del Sol. He has been helping expatriates on the coast with their finances for the past 6 years. Tim's passions are his family, nice food and wine and running to keep the balance.

Tim is supported in the office by Melanie Godfrey who has also recently joined the CDS office as his PA and Co-ordinator.

Melanie has worked for many years in Financial Services in Central London holding various positions including Branch Manager. She then moved to Edinburgh and finally Spain 11 years ago.

She worked as a Mortgage Underwriting Manager for a brokerage in Marbella then as a Business Co-ordinator for an International Financial Consultancy Group.

The team has further been strengthened by the appointment of four new Financial Advisers, **Jamie Synan, Richard Mills, Chris Pickering** and **Richard Black**.

Jamie Synan has lived in Marbella for 2 years after leaving a successful career in the UK Insurance industry to work in Expatriate Financial Planning in Portugal in 2010. Jamie's key skills are tax efficient investments, pension transfers and retirement planning.

Having spent a number of years in direct client sales and management roles, he understands the common interests and concerns of expatriates. In September of last year, Jamie and his partner Meg celebrated the birth of their son Louis and are enjoying being first time parents.

Richard Mills has worked in the banking and financial services sector for over 30 years for major investment banks in the City of London, including Merrill Lynch and Royal Bank of Canada.

Richard and his family moved to Spain 10 years ago working with clients all along the Costa del Sol. Richard has qualifications with CISI and CII in wealth management and pensions and is currently working towards his diploma in financial planning.


Tim Govaerts


Melanie Godfrey


Jamie Synan


Richard Mills


Chris Pickering


Richard Black

Chris Pickering has been living on the Costa del Sol for the past 7 years, 5 of which have been spent working in the financial services sector. Chris and his wife have also recently had their first baby, Ella.

He believes that his job gives him the opportunity to help people achieve and realise the kind of lifestyle and standard of living they would like to have. Chris also likes to keep fit and takes part in various different sports and recently began to take part in grappling and Brazilian Jiu Jitsu competitions.

Richard Black has worked in Retail and Private Banking with Royal Bank of Scotland and HSBC for over 20 years. He is a fully qualified Financial Adviser and holds the Financial Planning and Investment Management Certificates.

Richard has been living in the south of Spain for 13 years and is well experienced at assessing and providing financial solutions for expatriateriate client needs. He wanted to join BFMI as we are a comprehensive and experienced wealth management company. His areas of specialism are QROPS, investment and general financial planning. He is a keen golfer and married with 2 young daughters.

We are very much looking forward to the opportunities that 2014 will bring for the Marbella and other offices of Blacktower Financial Management Group.

By Tim Govaerts
Blacktower Financial Management (Int) Ltd

Dave Diggle

International Financial Adviser
Costa Blanca

Dave is both an Accountant and a qualified Financial Adviser with over 25 years experience, including offshore, managing teams of accountants and administrators.

With a broad background in Financial Accounting for offshore private structures, private equity structures for household brand names, and private Accountancy for many small businesses, Dave also deals with International tax planning, wealth preservation and enhancement, protection insurance (where appropriate) and Pension transfer (QROPS) considerations.

Dave draws on all the above skills and experience in order to ensure that he is able to provide a tailor-made service unique to each individual.

He and his family arrived on the Costa Blanca in July 2006 and having previously worked for another Financial Adviser, Dave has joined BFMI in order to continue to provide International financial advice to existing and new clients.

BFMI strengthen position in Italy...

Despite the doom and gloom of 2013 in Italy and its economy, BFMI seized the opportunity to expand its operation by appointing Paul Howard as its Regional Manager. Paul is supported by his wife Lisa, who also agreed to join the group to become the region's Administrator.

Working from his new office in Rome, Paul is looking to bring a team of 5 highly qualified and experienced International Financial Advisers to the city to support International and local clients in what are described as 'Taxing times in Italy'.

Paul says "Whilst the role will be a challenging one, we all feel that the market in Italy is perfect for our brand and I am sure that this will be welcomed by the International community based here. We have a permanent office in Rome (which is not often the case when dealing with some International advisers) and a great deal of knowledge backed by years of experience within the International market."

"Italy and Rome offer a great deal of opportunity to the independent offshore market. In times of global financial uncertainty, clients look for independent financial advice as they tend not to fully understand their local and International financial position. This can have devastating effects when trying to secure their finances in a tax efficient way and will certainly damage their wealth if dealt with incorrectly".

"*My remit is to establish our Brand in Rome and then to appoint other managers to open offices in Milan, Tuscany and Umbria. This will be a measured process over a period of years. We will only open new offices across Italy once Rome is firmly established and as they say "Rome wasn't built in a day" and neither will our brand be in Italy, until the foundations and the correct level of expertise are in place to ensure that this won't end in ruins as well*".

Rome is the global centre of a number of United Nations operations. With an estimated 8,000 employees working there and due to the complex nature of supporting such a diverse range of nationalities, BFMI has already instigated a working group in Rome of local and International tax lawyers, accountants and fiduciaries to ensure that through this combination (and our qualified advice), clients will be receiving guidance of the highest quality.

Paul states that "*Dealing with such matters requires years of knowledge, experience and of course the right company who are highly regarded in the industry and fully licensed. In joining BFMI, I feel that we can offer clients all of these things and more*".

By Paul Howard – Regional Manager - Italy
Blacktower Financial Management (Int) Ltd

Paul Howard

Regional Manager
Rome

Lisa Howard

Administrator
Rome

Sarah Howard

Co-ordinator
Rome

Paul first became involved in the Financial Services industry in the UK back in 1984 and has worked in the offshore market for the past 6 years. During this period, Paul quickly established himself as an International wealth consultant and went on to hold posts as city and then country manager for a global financial company in these regions.

With qualifications from both the Chartered Insurance Institute (CII) and the Chartered Institute of Securities and Investments (CISI) Paul expanded his knowledge base to become specialised in dealing with the complex affairs of transferring UK dormant pensions, dealing with inheritance tax issues and looking at holistic solutions to the financial planning needs of individuals in Monaco.

Paul's clients find that his personable approach and extensive financial knowledge gives them the confidence they need to entrust him with their Wealth Management requirements. It is for this reason that he is able to give guidance and service to high net worth individuals from a diverse range of sectors which include the financial industry itself as he has had many clients from within the Banking industry who have sought his advice across Europe in the past.

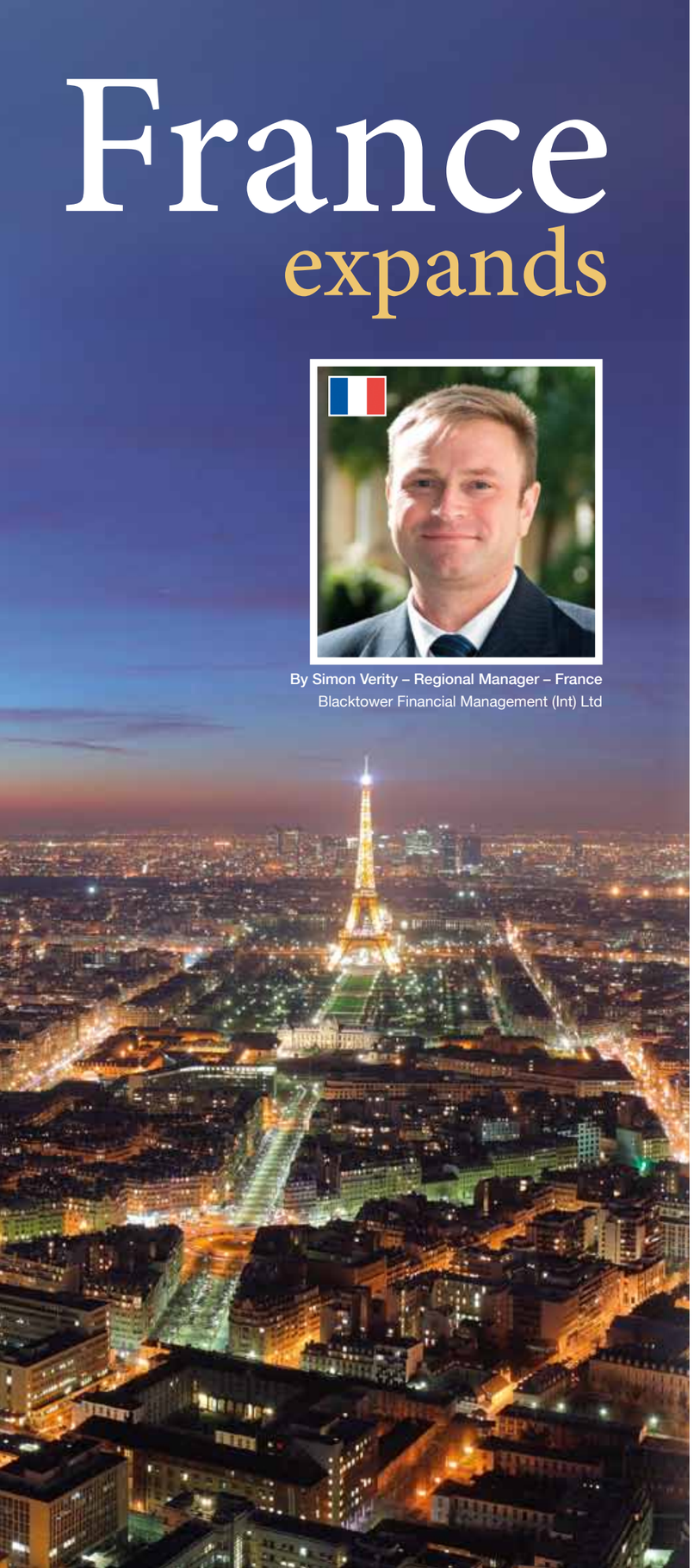
Having married Lisa in 2012, they looked to find a permanent base where they can put down roots and Rome/Italy was their first choice. Lisa has also been successful within the offshore market over the past 6 years supporting Paul and his teams across Europe. She had achieved a BA (Hons) from Staffordshire University before moving to Spain in 2003. Lisa will play a major role in the team and her years of experience will ensure that the stringent BFMI compliance and regulatory requirements that are necessary in such a regulated company, are followed from day one.

Sarah has previously studied in the UK and has worked in sales and marketing for the last 7 years. She has not only been a top sales person within her office but she then went on to lead a team with equal success.

Sarah moved to Italy in January 2014 and has recently joined BFMI in Italy as a Co-ordinator to assist the team in Rome and also to assist with the office's planned expansion programme.

France expands

By Simon Verity – Regional Manager – France
Blacktower Financial Management (Int) Ltd



Simon has lived in France since 2002 and originally spent many happy years in Hennebont, a small medieval town on the Southern coast of Brittany. Here Simon explains what he has done so far in France, an introduction to his new French colleagues and ideas for the expansion of the team in the future.

During my time here I have always been involved in giving financial advice to British expatriateriates who are moving, for the most part, to retire.

In 2009, I moved to Nantes which gave me better transport options and I joined Blacktower with a view to opening an office and eventually expanding our presence in different regions, ultimately becoming one of the largest IFA companies based in this country. Two years ago a physical Nantes office was established, which was the first step in gaining a firm foothold and base in the country.

It is fair to say that expansion has been slower than originally anticipated and this was due mostly to trying to find the right combination in potential recruits of having a "French connection" (home or family here etc.), knowledge of the language, experience in financial advice and of course relevant qualifications. This is no easy task, especially when mixed in with the complexity of potential advisers having to sell for example their UK properties, moving families to a new country and establishing a new home.

Eventually this year the team has expanded to four advisers, effectively covering each corner of France. North East and Paris is covered by myself.

North West is **Ted Sellwood** based near La Rochelle where he had purchased a second home in the past. Ted first became involved in financial services at the age of 27 when he joined Colonial Mutual as an adviser. Following redundancy he set up an IFA company of 9 IFAs which was consequently sold. He is now looking forward to living and working with the expatriate community in France. Ted is married to Helen and has three grown up children.

Ted Sellwood

Craig Jardine

Bill Johnstone

South East is **Craig Jardine** who has a family home near Nice. His son has been signed for Monaco under 17's football team and Craig is in the process of selling his UK property and becoming fully established in France. Craig was born in Edinburgh and worked in the financial services sector since 1996, gaining valuable experience within Standard Life and AXA. He holds recent full Level 4 Diploma in the UK and a Bachelor of Science Degree. Craig understands the challenges expatriateriates go through and can support clients with open, honest advice for people moving to the South of France. Craig and his wife Fiona have three children who all moved to Nice in January 2013.

Last but not least for the South West we have **Bill Johnstone** based near Bergerac. Bill was historically a French teacher prior to becoming a financial adviser and has lived in France previously in a former occupation (Brittany region) so is by no means new to the way of life here. He worked for many years with Allied Dunbar, both as a manager of a 30 strong sales team and then as an adviser. Bill then started his own business and developed links with several accountancy firms. He has recently moved to France and intends to develop a client base of value. Bill is married to a Colombian lawyer and of course has been able to help clients in many legal matters along the way.

Blacktower continue to look for candidates at the right level and I would hope to have at least a further two advisers on board by mid-2014, covering ideally the far east and centre regions of France (Burgundy through to Strasbourg) and Mediterranean coast from Marseille through to Perpignan.

2014 will be a busy year for us all starting new regions, finding our orientation and implementing business plans etc.

I personally welcome and look forward to working with all the new team members within the Blacktower France region and wish them the greatest of success in the future years to come.

New Germany addition

Rebecca Tanke

Administrator
Germany

Rebecca works as personal assistant to Paul Rhodes from our Frankfurt office. A German native, she is fluent in English and aiming for the same in French and Portuguese.

Rebecca looks after the day to day back office function of the Blacktower Germany branch, whilst outside of Blacktower she is conscientiously studying towards her bachelors degree, which she will complete by Summer 2014.

Rebecca was drawn to working for Blacktower International as she loves to travel and see the world, an aspect of working with them she found very appealing.

When not working, she enjoys running, yoga and is passionate about staying fit and healthy.

New Branch in Malta

By Jan Bjorkmann – Director – Malta
Blacktower Financial Management (Int) Ltd

For the past several months, Blacktower has been in the process of establishing an office in Malta, as we look to extend our network across Europe. In 2012, we were proud to open our first branch in Italy and the Malta office is the next step in expanding our International network.

Jan Bjorkmann, originally Blacktower's Gibraltar based Director for Scandinavian clients, has been asked to spearhead the office as Director for Malta and has opened an office near Sliema at the beginning of this year.

Jan, who has spent several months working on the business plan for the office and ensuring that everything goes according to schedule, is also planning on looking after clients not only in Malta, but throughout the entire region.

The idea, according to Jan, is to work with and alongside local professionals in the accounting and legal industries in the hope of making the best use of native expertise and knowledge.

Jan has been with Blacktower since 2005 and has extensive experience in private banking, having previously worked in the UK, Luxembourg and Switzerland for the likes of Nordea and HSBC.

The new Malta office is located a short distance north of the capital Valletta on the island's east coast and has a thriving International and expatriate community.

Malta is an attractive foothold in the Mediterranean that could lead to easier access to the eastern Mediterranean, as well as countries like Italy and Cyprus. Given the latter's recent banking crisis which has led to an exodus of banking clients, Malta is increasingly viewed as a strong and credible alternative. From the Malta office, the following services and products will be offered:

- Private Banking Advice
- Life insurance bonds with tax benefits
- Pension schemes such as QROPS and QNUPS
- Wealth Management Solutions
- Life Term Savings

Malta Retirement Programme 2012

The Ministry of Finance, Economy and Investment has recently introduced new provisions entitled the Malta Retirement Programme Rules (MRP).

This programme is designed to attract retirees from the EU, EEA and Swiss nationals who are not in active employment and who are in receipt of a pension as their main source of income to take up residence in Malta. Qualifying applicants can benefit from a fixed rate of tax of 15% with a minimum tax liability of €7,500 with a further €500 for a dependent spouse. Individuals benefitting from the programme avoid creating a strain on the National Health system since each applicant would have to prove that they are either on the EU transposition of rights or that they have valid medical insurance.

Persons eligible for this programme must be in receipt of a recognised pension and may hold a non-executive post on the board of a company registered in Malta or partake in activities related to any institution, trust or foundation of a public character which is engaged in philanthropic, educational, research and development work in Malta. A novelty in the programme is that the minimum requirements for Gozo are less than the ones for Malta. Neither of the above activities should be construed as employment.

Any EU citizen that proves that he is not a threat to public health, public policy, or public security has a right to live in Malta. The Malta Retirement Programme sets out minimum parameters in consideration of a flat rate of 15%:

- Any income that is received in Malta from foreign sources is taxed at a rate of 15%, while any other income will be charged to tax at 35%.
- In line with statistics that have been procured from Estate Agents, the minimum purchase price of property has been set at €275,000 for Malta and €250,000 for Gozo. The minimum rent is €9,600 for Malta and €8,750 for Gozo.
- Applicants shall have to spend a minimum of 90 days in Malta per annum averaged over a five year period (thus increase spending in the local economy). They must also not be in any other single jurisdiction for more than 183 days.
- The entire pension would have to be remitted and taxed in Malta (thus not allowing split income and paying minimum tax as happened with the previous Residence Scheme).
- 75% of income chargeable to tax in Malta would have to arise from pension or similar income. The term "pension" has been given a wide definition to include lifetime annuities, personal pension plans, occupational pensions etc.
- The Malta Retirement Programme is a tax status and the applicant would first have to complete the formalities of a Registration Certificate (EU Citizens) so the programme does not interfere with Immigration Regulations. Moreover, the applicant would have to produce a Conduct Certificate and make an affidavit that he/she does not have any on going civil or criminal proceedings.
- An application fee of €2,500 is levied.
- There are provisions for carers that may want to accompany applicants to Malta.
- Demand for this scheme is considered to be substantial and this is therefore an exciting programme that will be managed by the International Tax Unit of the Inland Revenue Department under the same arrangements for the other High Net Worth Individual (HNWI) schemes in force.

Blacktower/ WorldWideBroker agree merger plan...

We are pleased to announce that we have agreed in principle to a merger with WorldWideBroker (WWB). Paul Brown the Chairman has been known to us for some time and we have been discussing a possible merger for almost three years.

WWB has its head office in the Netherlands and satellite staff operating within Europe.

The merger has been designed to occur in stages with the initial phase concentrating on WWB transferring its advisory staff and new business unit to sit under the Blacktower Group's systems and controls, as well as taking on the Blacktower name.

Under the agreement, Paul will become a Director of Blacktower and be responsible for the operational control of the transferred WWB element of the newly combined business.

We consider this to be an important step forward for Blacktower, as it will increase our European footprint significantly and bring the number of client-facing advisers to 50.

The merger makes sense in view of the way Europe's wealth management industry is evolving, with critical mass and the implementation of modern and compliant systems and controls becoming more important than ever before.

Paul became known to the Blacktower team during the development in recent years, of Nexus Global, Blacktower's IFA network business. He said that "in a landscape in which there is much uncertainty for European IFAs, Blacktower's expansion plans for Europe and beyond are forward-thinking and exciting. Our staff and advisers are enthusiastic about becoming part of the Blacktower Group."

Paul's background in the financial services industry dates back to 1986; initially at Crown Life in Bond Street, followed by Blackstone Franks (now Blevins Franks) in the City of London before moving on to Laurentian Life in Kent.

After moving offshore in 1991 with Overseas Financial Services, Paul became a partner of a Hague-based brokerage during which time the team grew from three members to thirteen. After branching out on his own in 1998, Paul built a small team of advisers and relocated to the present offices in Rijswijk to cater for the company expansion. A merger in 2003 with a Dutch advisory firm resulted in the concept of WWB being born; Paul then took over the company at the start of 2005.

Since then WWB has continued to expand and is now the preeminent brokerage of its type operating in the Netherlands. His team of advisers are all experienced offshore financial planners that are fully in tune with the needs and requirements of International clients. Collectively the combined experience, contacts and market knowledge provides the enlarged business with a significant advantage over our competitors.

John Westwood – Group Managing Director,
Blacktower Financial Management Group Ltd

Paul Brown – Chairman, WorldWideBroker

Looking forward to 2014

By David Miller – Quilter Cheviot

The Nexus Global Solutions Fund recently changed its name to the Nexus Global Solutions Portfolio to reflect the fact that it offers a complete investment solution for clients seeking long-term capital growth.

David Miller is the Fund Manager of Nexus Global Solutions Portfolio. In this article he sets out his views on the investment markets, the prospects for 2014 and provides an insight into the way he is managing the portfolio.

Looking back at the events of 2013, what is striking is that this has been a year when investors came to terms with the aftermath of the credit crunch. Despite an unremitting diet of pessimism emerging from the mainstream media, it has paid to be an optimist. Economic growth is on a rising trend, companies are increasing dividends and consumers, after a few years of delayed gratification, are spending.

On top of that governments and central banks seem determined to support growth with low interest rates and other monetary stimulants. Even Japan, after decades of stagnation, has joined the club. The icing on the cake is that the inflation monster is in hibernation in most parts of the world.

Stockmarkets have responded positively to this supportive background, but in a measured way rather than with blind enthusiasm. The lessons of the recent past have not been forgotten. Cash is being committed to markets in order to escape from all-time low interest rates.

Taking advantage of this environment requires attention to detail and a healthy dose of scepticism. Investing in the past always feels comfortable, but money is made by looking to the future which, as ever, is uncertain. Equities are good value, but only on a selective basis. Resilient companies generating sustainable cash flow are going from strength to strength. Cheap energy, particularly in the US, is changing the economics of global manufacturing. The 20-year trend in favour of emerging markets is reversing. Emphasising investment in developed markets rather than emerging has been the right strategy in 2013, with more of the same expected in 2014.

Other themes that well-managed companies are taking advantage of are the implications of demographic change and the general improvement in living standards in emerging economies where incomes are rising at a rapid rate. There is a growing market both for every day essentials and premium products. Companies such as Unilever and Prudential are major beneficiaries.

Timing is everything. Thirteen years after the technology sector bubble burst, the promises of 2000 have turned into reality. Google's dominance is not only profitable for Google shareholders, but is also having an impact on all parts of the economy. Companies that have embraced technological change are reaping the benefits of productivity gains, whilst consumers are both beneficiaries and drivers of change.

Long-term investment success comes from striking the right balance between risk and reward. Diversification helps with this for two main reasons:

- There are numerous ways to benefit from a positive view on equities. The well-publicised troubles of the banking industry have presented private equity investors with the opportunity to earn superior returns. Commodity markets are a barometer of consumer demand and manufacturing growth, whilst hedge funds are well placed particularly during inevitable periods of short-term volatility.
- The future may not be as predicted. Fixed interest stocks are not performing as well as equities at the moment, but remain the place to be during more troubled times, providing investors with steady income and capital security. Emphasising the latter is another foundation stone for any long-term portfolio.

Looking forward to 2014, the outlook is positive. Capital needs to be put to work in order to benefit, but without losing sight of potential risks. To quote a good friend about the prospects for China where, on and off, he has lived and worked for the last 25 years, "I remain very optimistic about China but I always make sure that my escape plan is up to date". Investing in readily realisable securities allows us the luxury of being able to pursue growth but adjust strategy as events unfold. A quote from Keynes sums it up. *"When the facts change, I change my mind. What do you do sir?"*

Saving for retirement

and alternatives to traditional pensions

The requirement to save for retirement can be a difficult thing for many people to embrace. We all know that we have to do it, but as it's usually many, many years away (and we are far too busy spending our money enjoying ourselves!) It has historically been an area of financial planning that is neglected until it's all too late.

This reluctance to undertake any form of planning can be compounded by only having access to relatively inflexible pension schemes, where benefits may not be payable until a specific age, contributions may not get tax relief and there can also be difficulties for those who are Internationally mobile as their domestic pensions may be less flexible than their circumstances require.

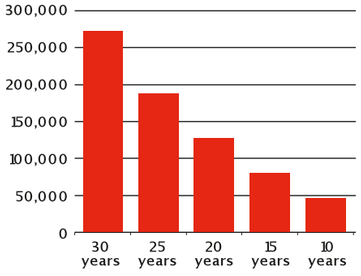
For reasons not strictly limited to those above, individuals could look towards alternatives to pensions such as regular savings vehicles, which unlike traditional pensions can be used to provide benefits both in and prior to retirement.

The key considerations for many of us thinking about having an income in retirement, is how much it is going to cost and what is it going to be worth. However, another incredibly important point often overlooked is the impact that 'putting it off for another year' can have.

For example:

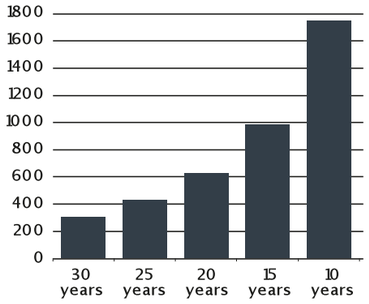
If a 25 year old was to start saving $300 per month now, then by the time they are 55 they could achieve a fund value of $269,000. If they start at age 35, they'll need to save $624 per month to achieve the same fund value. If they start at age 45, the monthly payment would become $1,742!

The illustrations demonstrate the cost of delay could be as much as $101,040 overall. Saving $300 a month could provide a fund of $269,000 in 30 years' time as opposed to $44,600 in 10 years' time.



Graph showing the potential fund values achievable saving $300 per month for each of the terms shown

Furthermore, by putting off the decision to start saving, the cost of the contributions required to reach your desired fund value would increase as follows:



It would require $1,742 per month over a 10 year term to match the fund value of $300 per month over a 30 year term.

Taking an Income

Using the previous example, if you paid $300 into a regular savings scheme for each of the terms shown in the table below, then the income the accumulated fund value could support would be as follows:

$300 p/m saving term	Total Paid in during term	Income p/m between 55 and 65 years	Total paid out between 55 and 65 years	Fund value at 65 years
30 Years	$108,000	$2850	$342,000	$15,400
25 Years	$90,000	$1950	$234,000	$11,600
20 Years	$72,000	$1300	$156,000	$10,800
15 Years	$54,000	$800	$96,000	$10,100
10 Years	$36,000	$425	$51,000	$8,990

It's therefore pretty evident that delaying the point at which you start saving for retirement can have a dramatic effect on not only the fund value that you are likely to end up with, but also the lifestyle changes you may have to make as a result of having to save more in later years to make up the shortfall.

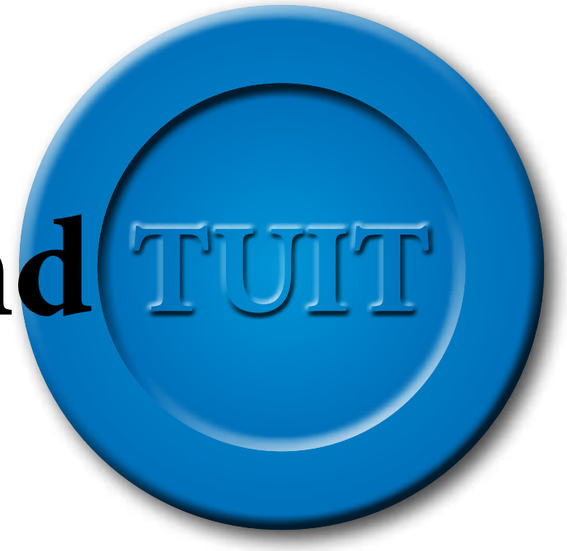
Further planning

Just because you accumulate a fund for your retirement outside of a traditional pension arrangement doesn't mean that they can't be transferred into an International pension scheme at some point in the future where it may be more tax efficient to do so. In addition many providers of regular savings contracts can also offer trust solutions which can be useful for your tax/succession planning needs.

Notes: The figures used in the graphs and tables in this article are for illustration purposes only and not indicative of any one product. As always, for further information on products which may be suitable for your needs you should take appropriate advice

By Neil Chadwick
RL360° Technical Marketing Manager

Your Will: Get around



This is a Round Tuit. Guard it with your life as Tuits are hard to come by, especially the round ones. This is an indispensable item. It will help you become more efficient in your life. For years we have heard people say, "I'll do it as soon as I get a Round Tuit ." Now that you have one, you can accomplish all those things you put aside until you got a Round Tuit.

Possibly our greatest "Round Tuit" is a Will.

British living in the UK and throughout the world seem to suffer from "Wills apathy", with more than 30 million adults failing to make provisions for when they die, according to research published recently. Even the ones who have Wills often admit they are out of date and need amending to meet current circumstances.

Recently there was case of a man who died leaving his entire estate to an ex wife who he had divorced over 20 years ago. This was not his intention. Needless to say this was a pleasant surprise for her but not for his current wife. Clearly this man never found his Round Tuit before it was too late.

According to a recent survey in the UK, almost 90% of under-35s and 66% of those aged between 35 and 54 are living without a Will, despite 92% of people having a firm idea of who they would like to see their money go to when they die! The same financial advice website also revealed that more than a third (36%) of those aged over 55 have yet to make a Will. The total figure of those without a Will is a 2 million increase on last year. Apathy remains the number one reason, with 36% saying they just haven't got round to sorting it out yet, and 8% that it never occurred to them. Almost one fifth (18%) don't think they have anything of value to leave behind and only 10% claimed they would never make a Will.

Dying intestate (without a Will) could mean that the UK government will decide the order of who gets what from your estate – and if no one comes forward then the government will take the lot. Not having a Will in place could also result in inheritance tax being due before the estate is released, so grieving families may be forced to take out expensive loans in order to release the assets and pay costly legal advice.

It goes without saying therefore that a Will should be a priority today as none of us know what could happen tomorrow. Using a UK Will needs to be tied in with other planning taking into account the laws of the country where you currently live. A UK Will does not get round local inheritance taxes in most cases and so further planning is required.

As an example, from 2015 the French government have agreed to accept a valid and current UK Will in place of their existing Napoleonic law. This is great news for those who wish to leave their estate to whomsoever they wish and not to their children as the current rules dictate. This however is a poisoned chalice if not used in conjunction with additional planning.

Leaving your estate directly to a non blood relation for example will see inheritance tax applied at the rate of 60% and so you would be leaving the majority of your money to the French tax office and not your beneficiaries. Even Aunts and Uncles etc. fare little better with low IHT allowances quickly seeing large tax rates. Clearly the French Tax offices are not overly concerned about this situation and will be looking forward for the unwary to shoot themselves in the foot and to send the deceased's beneficiaries large tax demands on unprotected assets!

Blacktower in France, reacting to the new Will, rules have used this opportunity with their clients to create a professional and legally drafted UK Will in conjunction with the more standard French based advice so that clients fully understand what consequences their estate and beneficiaries face by ignoring local rules. There are many things that can be done to avoid the penal 60% tax rate for non relations as an example.

Wherever you live abroad, a Will is clearly invaluable. You should have a Will made in the UK or the country in which you live.

We have a current supply of "Round Tuits" if you wish to give us a call or are you more comfortable with the other 29,999,999 Brits without a Will and happy to leave money to the taxman, government and ex wife/husband. The choice as ever is yours!

By Ted Sellwood
Blacktower Financial Management (Intl) Ltd

No time for delay on auto-enrolment

Medium-sized employers need to start planning for the staging of auto-enrolment – and it might take longer than they expect...

The Pensions Regulator estimates that 38,000 medium-sized employers will be staged in to their automatic enrolment duties next year.

These employers need to start planning for their new duties as early as possible because if they don't, there is a high probability they will be left struggling for the help and support they will need.

That could lead to breaches of the auto-enrolment rules and ultimately fines from The Pensions Regulator.

Just how long employers should prepare in advance will depend on many factors, but all of them will need help.

Here are just some of the things employers might need to consider and some of the time scales we have experienced so far.

New pension schemes

Employers who do not have an existing pension arrangement will have to get one in place for their staging date. It can take months to set up a workplace pension scheme. One of the first things we as advisers will need to do is get workforce data from the employer.

This can be problematic, as the information may not be readily available and it might not even be clear how to treat certain workers, such as contractors or agency workers.

Once the data is available, we can use it to get terms from providers. For certain employers, some providers might not be willing to give terms for the whole of the workforce. So we might have to look further afield to secure terms. It can take some time to work through all of the available options.

Estimated time – up to three months

Existing pension schemes

Where an employer has an existing pension scheme, some changes will probably have to be made to that scheme to make it auto-enrolment friendly, which again can take time.

For contract-based schemes, certain agreements must be in place so they can be used as auto-enrolment schemes. The first is an agreement from the pension provider that it is happy that the scheme can be serviced properly as an auto-enrolment scheme. In the case of some types of legacy contract, this agreement might not be forthcoming.

Second, there must be an agreement from the employer to pay its share of the contribution to the provider. And third, there must be an agreement from the worker to pay their share of the contribution.

These agreements do not exist in pre-automatic enrolment schemes, so policy endorsements might have to be prepared and issued in advance of the staging date.

There are also consultation requirements to consider, which if you have more than 50 employees the employer is required by law to undertake a consultation exercise.

Even with less than 50 employees, the Pensions Regulator recommends that the employer should undertake the consultation anyway.

The consultation process itself must last no less than 60 days. More time will be necessary to seek out any legal advice needed; to identify which workers need to be contacted; to prepare and deliver the communication material; and for the employer to consider any responses received. Staff associations or trade unions might also need to be consulted, either as part of this exercise or separately.

Senior staff may have their own executive pension plan or SIPP. A separate discussion, perhaps with each one individually, might have to take place to work out their options.

Estimated time – up to four months

Payroll

Most pension providers will operate an auto-enrolment system that relies on payroll extracts. But often the employer payroll systems will need to be updated for auto-enrolment. It can frequently be the case that the existing payroll data has to be cleansed of errors and omissions.

Then the format and structure of the data needs to be agreed. Next, whoever is responsible for handling the data will need to be trained on the process of extracting the correct data from payroll and passing it to the pension providers.

Payroll providers might come under increased pressure as more employers ask for help as they approach their staging date. Some payroll providers might already be stretched as they settle into HMRC's "Real Time Information" regime, so getting payroll on board well before an employer's staging date will be crucial.

Estimated time – up to six months

Choosing the automatic enrolment system

There are now a plethora of providers of auto-enrolment systems vying for a piece of the market.

It may be that one provider for both the pension scheme and the auto-enrolment services may be the best option. However, employers may be looking to use their current payroll provider for at least some of the auto-enrolment services.

In-depth research will be vital to make sure that a comprehensive set of services can be delivered. If multiple providers are used, it is important that they all fit together property.

Estimated time – up to six months

More to think about

There are other things to consider too.

Does the employer want to introduce salary exchange and, if so, how should this be communicated?

Are there other changes to the contract of employment that need to be made and will this need legal advice?

All of this leads to four clear conclusions:

- Employers need to be aware there is a lot of work to do before their staging date.
- Employers who leave it too late will struggle to get everything ready and could end up in breach of the rules.
- Employers will almost invariably need a minimum six-month lead in time and many will need considerably longer.
- Employers will find there is a significant cost involved in obtaining advice and implementation in this area, such costs are likely to increase markedly as staging dates are shorter than 12 months.

By Andrew Hammond
Blacktower Financial Management Ltd

What our Clients say...

"Trusting somebody with your money is not something easy, even less for me. In the market highest (2008) I met Paul Howard in 2008 and his professionalism, integrity, ability to listen and come back with what we had asked allowed us to make the good choices and our investments passed the crisis, who else can say so?" Olivier Sery

"Since meeting Paul Rhodes I have been very impressed with his knowledge and guidance. He makes it easy to understand and brings his personal touch to our discussions. He has given me some great investment ideas and tries to keep the technical jargon to a minimum. Very personable, easy to like". Giles Armstrong

"As a local businessman, I rely on both my own and my family's finances to be actively managed, leaving me to concentrate on my own business. BFMI, especially Director Ally Kerr, have done just that. They are both informative and pro-active, informing us of what's happening in Spain and in the world of finance and we could not have our assets managed by anyone better." Edward Fairless

VALE DO LOBO
ALGARVE

A unique property opportunity from Vale do Lobo, Algarve

Exclusive living with 4% guaranteed investment return

As the longest established development on the Algarve, Vale do Lobo has long been regarded as one of the premier locations in Portugal for a luxury lifestyle experience and a proven track record as a resort that consistently demonstrates capital appreciation. Now Vale do Lobo is offering further investment security for property owners, with a unique opportunity to enjoy 4% guaranteed investment returns on selected luxury properties within the resort.

Being an established and highly regarded resort has enabled Vale do Lobo to not only maintain property valuation levels since the turn of the century but to also see continued growth, demonstrating the resilience of Vale do Lobo as a property investment choice.

The 4% guaranteed investment return offer from Vale do Lobo provides a unique solution for property owners looking to enjoy the best the resort has to offer throughout the year but also with a guaranteed income, peace of mind and security.

There are a diverse range of properties available with this offer, ranging from one bedroom linked villas from €400.000,00 up to €1.090.000,00 for a two bedroom linked villa or three bedroom apartment and all in privileged locations with golf or sea views, fully furnished and equipped and with access to the excellent services that Vale do Lobo is renowned for.

Once you have chosen an ideal property from within the guaranteed investment return property portfolio the returns are then guaranteed for a five year period with Vale do Lobo ensuring an annual income of 4%, calculated over the selling price and excluding all government taxes.

Property owners are able to sit back and relax and let Vale do Lobo take care of all the running costs of the property including villa management fees, public service charges and resort costs, leaving owners able to enjoy their property for eight weeks of every year.

Major benefits of the 4% guaranteed investment return offer include the purchaser being able to use the property for four weeks in the low season, three weeks in the mid-season and one week in the high season each year. The property also includes a golf title for five years for two people, a five year wellness title and numerous discounts and benefits within the resort.

The economic climate may still be uncertain but in Vale do Lobo property owners taking advantage of the 4% guaranteed investment return offer can be certain of first class service, luxury properties and a guaranteed return on their investment.

Vale do Lobo Real Estate Office T: +351 289 353 101 E-mail: realestate@vdl.pt www.valedolobo.com

By Daisy Sampson

flexible Retirement Planning – QNUPS!

For any UK national who is fortuitous enough to be living and working abroad, but does not have access to a pension scheme or finds that the local scheme is unfit for purpose then a QNUPS could provide a solution that allows you to continue adding to your retirement plan in a tax efficient manner.

In addition a QNUPS is effective if you are living in the UK but have maxed out on your annual pension allowance, including using the carry forward option or you have reached or are near the lifetime allowance.

So what is a QNUPS?

Qualifying Non-UK Pension Schemes (QNUPS) were confirmed on 15th February 2010 via an HMRC issued 'Statutory Instrument SI 2010/51', following the insertion of a new clause from the Finance Act 2008, ("qualifying non-UK pension scheme" inserted into IHTA 84 by FA2008-S92-Sch29-para 18[8]).

It was not a product or indeed a pension, it's the regulatory framework which if an overseas pension scheme meets then, it will be exempt from UK IHT, providing there is no evidence of deliberate tax avoidance, more about the IHT advantages later.

I said it's not a product however all the Overseas Pension Scheme's which meet the rules are now marketed as a QNUPS. So in essence it has become a product!

So how does a QNUPS differ from a UK Pension Scheme?

The contributions into a QNUPS are unlikely to receive any tax relief and there are no upper limits in respect of how much can be contributed. That's right, no restrictions on the amounts that can be paid into a QNUPS! It gets even better when we look at the flexibility around investing and the types of assets which can be transferred into a QNUPS.

However, care must be taken around the level of contribution and the age of the client, given it has to have the profile of a pension to be treated as such and any contribution should not impact on your current income, or standard of living after the contribution has been made. It has to be viewed as reasonable for the purposes of retirement planning, given HMRC are on the outlook for deliberate tax avoidance and if deemed inappropriate, we have a discretionary trust with an interest in possession which will not be IHT exempt, not a nice place to be. I hear you saying no contribution level and flexibility around the investment, but why contribute to a QNUPS when there is no tax relief on the contributions?

Reasons why a QNUPS?

- Gross-Roll up providing, tax efficient growth,
- No annual allowance or lifetime allowance restrictions,
- Flexible investment options, subject to trustee consent, worth noting that this does not include assets such as your main residence, but can include residential properties, let on a commercial basis,
- No forced Heir-ship,
- Contributions can be regular and ad-hoc and are exempt from IHT from day one,
- No Lifetime gift charge, it does not impact on your nil rate band when transferring,
- If you are a UK resident only 90% of the income is taxable at your marginal rate,
- PCLS 30% of the pot size,
- You can ear-mark separate pots for both Husband and Wife, providing added control over income drawdown and taxation, with the added benefit of being IHT exempt,
- Being IHT exempt allows for succession planning with the assets you don't use in your lifetime.

First and foremost this is retirement planning! It's a pension and pensions have rules around how and when you can access the benefits. At Momentum we have based our QNUPS offering in The-Isle of Man (IOM), which is one of the best recognised and trusted jurisdictions; it's a crown dependency just off the coast of the UK. There are other jurisdictions of similar standing that work equally well.

So when and how do you take the Benefits?

The IOM allows benefits to be taken from age 55 and drawdown must start by age 75, through a combination of a pension commencement lump sum (PCLS), which is 30% of the fund size (Momentum's Scheme Rules) and an income, or simply as an income. The income is based around the UK's GAD rates albeit the IOM has the added benefit of being able to take the client's circumstances into consideration and actuarially calculate the income, providing greater flexibility.

The PCLS and the pension income are both free of IOM taxation, with the income paid gross, although both could be subject to taxation in the jurisdiction the member is resident in.

So if you are looking for a way of to increase your retirement planning and have existing assets which can be earmarked for your retirement, benefiting from tax efficiency through accumulation, de-accumulation and after you have passed away, then a QNUPS might just be part of the solution.

By Craig Cheyne
Momentum Pensions Malta Ltd

RELAX IN THE SUN

- YOU'VE GOT IT COVERED!

Our Advisers **Are in Thader** Throughout January.

Living in Spain can be a delight when you know you've got everything covered - especially essentials such as funeral arrangements

Living the dolce vita in Spain can be a heavenly experience; but it does depend on an easy mind, knowing you've got everything sorted - especially should the unexpected happen. Of course no-one wants to think about the ultimate in unwanted occurrences, but if you're considering funeral plans, it's worth putting your own plan in place to avoid the complexities of the Spanish system, which involves the Police, a doctor, a funeral director, various certificates, high costs - and dealing with non-English-speakers.

Avalon Funeral Planning - a reassuring solution

Happily though, there is an easy, straightforward and cost-effective solution - Avalon Funeral Planning. A well-established UK funeral planning company, Avalon creates easily accessible funeral plans specifically for UK expatriates in Spain. As Europe's leading provider of funeral plans, Avalon offers different packages, ranging from a simple local funeral to full repatriation, handling the many details that need to be dealt with under Spanish law. Avalon's Spanish service is fully bilingual - and the company understands the need for exceptional competence at a time when family members may be distressed and distracted. If you'd like to find out more about arranging your Spanish funeral plan, call Avalon today on **966 799 070** or **951 120 046** to arrange an appointment - then you can relax in the Spanish sun, reassured that you've got everything covered!

Avalon supply a **FREE, CONFIDENTIAL** and **NO OBLIGATION** advice service

CALL US TODAY ON: 966 799 070 or 951 120 046 **to arrange an appointment**

We cover all our members in the UK and Spain

Purchase a pre-paid Funeral Plan from Avalon and we take care of all the arrangements

www.**avalonfuneralplans**.com

Avalon EUROPE

SEB Life International

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Pensions: SIX best kept secrets

Much is said about pensions and the need to save for the future. You probably think you have read all you need to know about pensions but here are five little known pension secrets which can transform your retirement.

You can take advantage of tax-relief

It is not often that you get something for nothing. However some countries will give their tax-residents a 'tax relief' for making a pension contribution. For example, basic rate taxpayers in the UK can receive 20% tax relief meaning that for every £100 that goes into your pension pot, it only costs you £80. The other £20 is paid into your pension scheme instead of to the taxman. Higher rate taxpayers can get even more benefit with every £100 paid costing as little as £50.

This benefit doesn't stop just because you now live offshore. If you were tax resident in the UK in the last five tax years then you may still be entitled to tax relief on up to £3,600 of pension contributions per year. This means that if you pay in £2,880 in any tax year then the UK government could pay up to £720 into your pension scheme.

You can choose when to retire

By using a personal pension like a SIPP or QROPS you do not have to wait until you are 60 or 65 to take your retirement benefits. You are entitled to take a tax-free cash lump sum and income at any age from 55 onwards. This means that you can retire at an age while you are still young enough to enjoy it!

Your pension fund can be extra life insurance

One of the major concerns for people is; "will my family be provided for when I die". Before taking benefits, your entire SIPP or QROPS fund can be returned to your spouse or beneficiaries free of any tax. That means that if you have £100k in your pension scheme then £100k will return to your family in the event of your early death.

In addition the ENTIRE fund SIPP or QROPS fund can be paid out in cases of serious ill-health which can give you some extra piece of mind.

Your pension fund allows you to invest for your future

Pension fund investments don't have to be restrictive; your pension fund can invest in most of the things that you can as an individual whether that is precious metals, stocks and shares, land and even commercial property.

This will allow you to create a balanced portfolio and one which matches YOUR investment objectives rather than being forced to accept low returns.

You have the right to transfer your pension

Do you have little or no control over your pension? Is it returning poorly where it currently is? Is the country it is based in tax not sufficiently tax efficient? If the answer to any or all of these is "yes" then you don't have to put up with it. You have a right to transfer your pension scheme to another which can match YOUR objectives.

In some cases you can still transfer your pension AFTER you have started to take benefits so it is never too late to start having the retirement that YOU want.

You can phase in your retirement

Retirement doesn't have to be a one-time only deal. Many people are not aware that they can start to draw pension even while they are still working.

Providing you are over the age of 55 you can start to take tax free cash and income from your SIPP or QROPS. You do not have to take it all in one go and can simply access your pension fund as and when you need it.

By drawing only what you need when you need it you can actually INCREASE the amount of tax-free cash available to you.

BROOKLANDS PENSIONS

By Bernie Saker – Brooklands Pensions

We strongly recommend that you speak to a representative of Blacktower if you wish to take advantage of these and other pension secrets!

The Overseas Property Industry

By Simon Conn
Overseas Property & Finance Specialist

It is a busy time of year for the Overseas Property industry. The summer holidays are well and truly over and as we enter the cold and gloomy months of winter, many people consider the idea of purchasing a property abroad in search of a better lifestyle.

During my 30 years in the business, travelling has become easier and far flung exotic destinations are now more accessible. However, for western buyers the same countries, namely Spain, France, USA, Italy, and Portugal, still remain very popular choices for lifestyle, holiday, retirement and rental when it comes to buying overseas property.

▶ France

In the last couple of years the French property market has bubbled away nicely with no real growth in one area, but recent changes to Capital Gains Tax (CGT) should give the market a nice boost. Changes mean that property in France is now exempt from CGT after 22 years of ownership, rather than the previous 30 years and there is also a 25% reduction on CGT for properties sold until August 31, 2014.

Recently we have seen a real difference in price expectations between the sellers and would be buyers, so reduced or no CGT is likely to result in sellers being more realistic when accepting offers. It should also encourage French holiday home owners, who have been thinking about selling, to put their property on the market.

Areas such as Paris, the Alps and the Cote d'Azur are still attracting buyers from around the world and some banks will consider lending up to a maximum of 85% loan-to-value, depending on the individual's financial status and property price, with a minimum loan of €50k and no maximum mortgage. .

▶ Spain

Spain has long been a favourite for British buyers seeking a new life in the sun, but out of the these five countries it is starting to bubble.

Interest still remains in repossession sales, rather than in new builds, in the prime holiday destinations such as the Costa del Sol, Brava and Blanca and there is also some potential growth in other key areas and the major cities including Madrid, Barcelona and Valencia, plus the Balearics and Canaries.

Now seems like a good time to buy in Spain with repossessed properties being listed at a fraction of what they are worth, but independent advice should be taken before making a final decision.

Banks are willing to consider lending a minimum of € 75,000 with no maximum limit. However, with the difficulties in the market, lending is not as freely available and the maximum loan-to-value is noticeably lower at 60%. However, high net worth individuals could possibly secure up to 70% loan to value. Stage payment mortgages are still possibly available for new villas, as long as the borrower owns the land, it is registered in their name and has approved planning permission and relevant licences.

▶ USA

The property market in the USA is well regulated and there are few restrictions on foreign buyers making it an attractive destination. Another bonus is the fact that it is an English speaking country, so there will be no issues with contract translations and misunderstandings with the real estate agents. It is no secret that the market has suffered in recent years, but there are strong signs that it is on the road to recovery.

Repossession has meant that there are a large number of bargains to be had and properties are being valued way below their market price, which is good news for outside investors, but independent advice should be taken before making a final decision.

The US still remains popular with the English and many French, German, Scandinavian and Canadians are also showing an interest, plus some nationalities that are living or working in the Middle and Far East.

Mortgages are available for second/holiday homes from a maximum of 70% loan-to-value in the majority of States, or 75% loan-to-value in selected States such as Arizona, California, Colorado, Florida, New Mexico and Texas. If the property is purely for investment purposes only, the loan to value can possibly reduce to 50%.

Minimum loan amount is normally $100k, however lower amounts are possible on a case-by-case basis. There is no maximum loan amount, but anything over $500,000 is on a case-by-case basis.

▶ Portugal

The Portuguese property market has suffered in recent years, with house prices dropping and many new developments standing unfinished. However, the introduction of the "Golden Visa" scheme, which offers residency to non EU buyers purchasing a property over £500,000, has attracted a lot of wealthy Russian and Chinese buyers which will hopefully boost the market.

If you are looking for a long-term investment, then now could possibly be a good time to buy, with a wide choice of cheap properties available. The downturn in the economy means that lending is stricter than it has previously been, but there is still finance available with some banks lending up to approximately 70% loan-to-value.

The minimum loan amount is currently €50k with no maximum and re-mortgages for home improvements are also possible. It is also worth noting that stage payments loans for new build villas are available, as long as the borrower owns the land, it is registered in their name and has approved planning permission and relevant licences.

▶ Italy

Italian house prices have risen in recent years, but in comparison to other countries it still remains good value for money, especially in the rural areas. There are many positive signs coming out of Italy and it would seem that they are on the brink of turning around their economy, which has led to many foreign buyers looking to purchase property now before prices start to rise again.

Many aspects of lending in Italy are dependant on the residency and income of the applicant and the location and condition of the property. The minimum loan is € 75,000 with no maximum and the maximum loan-to-value can possibly be as high as 70% on a case-by-case basis, however in most cases it is 60%. It is possible to mortgage your property for purchase or purchase and renovation, but in most circumstances re-finance is only available for home improvement purposes.

SIMON CONN
OVERSEAS PROPERTY & FINANCE SPECIALIST

Tax reporting

and the facts about FATCA and FBAR

but some GOOD NEWS for American Expatriates and wealth management opportunities

The US Treasury Department announced recently that the United States had signed six more bilateral agreements to implement the reporting and withholding provisions of the Foreign Account Tax Compliance Act (FATCA). It is thought that there will eventually be 80 such agreements in place.

By Phil Stephens
Blacktower Financial Management (Int) Ltd

FATCA requires foreign banks and financial institutions (FFIs) to report to the US IRS information about financial accounts held by US taxpayers or by foreign entities in which US taxpayers hold a substantial interest. (US Citizens have to file tax returns each year even if they are not Resident in the US; no matter if they have lived abroad for many years).

Countries like the UK, the Netherlands and Ireland signed the Model 1 type agreement and there is no direct contact between the financial institutions and the IRS. These FFIs report direct to their local governments.

These agreements are reciprocal, meaning that the US government will provide similar tax information to these governments regarding individuals and entities from their jurisdictions with accounts in the United States.

Bermuda signed a Model 2 agreement, under which Bermudan FFIs will register with the IRS and report the information required by FATCA directly to the IRS.

Instead of January 1, 2014 being F Day, now it's July 1, 2014. The reason for the IRS delay is *"due to overwhelming interest"* in FATCA abroad. By this the IRS mean tax authorities in other countries; who can see a way of finding out more information about tax dodgers in their home jurisdictions.

To avoid the withholding tax, a participating institution must enter into an agreement with the IRS to:

- Identify US accounts.
- Report certain information to the IRS regarding US accounts and withhold a 30% tax on certain payments to non-participating FFIs and account holders unwilling to provide the required information.

Foreign institutions that don't sign an agreement with the IRS face withholding on payments, including US source interest and dividends, gross proceeds from the disposition of US securities and pass-through payments.

Foreign Bank Account Reporting (FBAR)

If a US Citizen has a financial interest in or signature authority over a foreign financial account, including a bank account, brokerage account, mutual fund, trust, or other type of foreign financial account, exceeding $10,000, the Bank Secrecy Act may require that person to report the account yearly to the Internal Revenue Service by filing a Report of Foreign Bank and Financial Accounts (FBAR)

This is a separate form to the US Tax Return.

Some good news for the US expatriate community

Until now, most Americans living abroad were severely limited when it came to wealth management planning.

No longer are US Citizens limited to rigid US 401k retirement plans and Individual Retirement Accounts.

Recent developments have allowed us to offer an International Pension Plan, structured in such a way that savings and investments channelled into such a plan will allow the investor to:

- See all future investment growth accumulating within the plan sheltered from US Federal income tax.
- Provide a platform for direct investment without the need to purchase a costly and inflexible deferred variable annuity contract.
- Draw an initial lump sum of up to 30% of the fund from the age of 50 years to be paid totally free of US Federal income taxes.
- Provide lump sum death benefits to be distributed to beneficiaries in the event of death.

Subject to individual financial and tax advice, these plans are US federal tax compliant and meet all FATCA, FBAR and other reporting requirements.

Please speak to us if you think you can benefit from these arrangements.

STOP PRESS:

The Republican party have just announced that they will repeal FATCA and the Chinese have just announced that they will have their own FATCA to be known as Foreign Asset Reporting Requirements (FARRs).

The extension to the EU Savings directive will have another huge impact on everyone living in the EU and is the subject for a separate article to follow.

Get financially fit in 2014

The Christmas parties are over, New Year has arrived and the 'resolutions' are now in force, but for how long? The experts say that 45% of us make New Year resolutions; from that, 25% will last one week and only 55% will last a month.

We have the old favourites, which include losing weight and giving up smoking but we also have one for the romantics, 'falling in love' which rated very highly in 2014s list. So while the first 2 will save us quite a bit of money, the latter will cost us for the rest of our lives!

It´s estimated that 34% of New Year resolutions are money related but yet, not dealing with our "money matters" here and now is something that could affect us for life.

We want to spend more time with our family but have you thought of what will happen to them if you are no longer there? How could they cope financially, how will they continue to enjoy the same standard of living and more importantly, who will be there to guide them through the financial minefield of inheritance tax, death duties and succession planning?

In an era where pensions are under constant scrutiny, it´s time to plan. Retirement age is fast approaching 70, pension schemes under-funded, death in service and widows´ pensions could be a thing of the past. If you live outside of the UK, have you thought of moving your UK scheme offshore?

If you are no longer a UK resident, have you thought of Inheritance Tax (IHT) issues that may occur in your place of residence? For example, in Spain (as a Spanish resident) you are responsible for paying tax on assets worldwide, if you spend more than 183 days in the country. On death, IHT can be as much as 34% of your total estate, have you made provisions?

In this day and age, every penny counts. Whether you're beginning your working career or are ready to enjoy a full and fruitful retirement, it´s vital to have the right information at the right time.

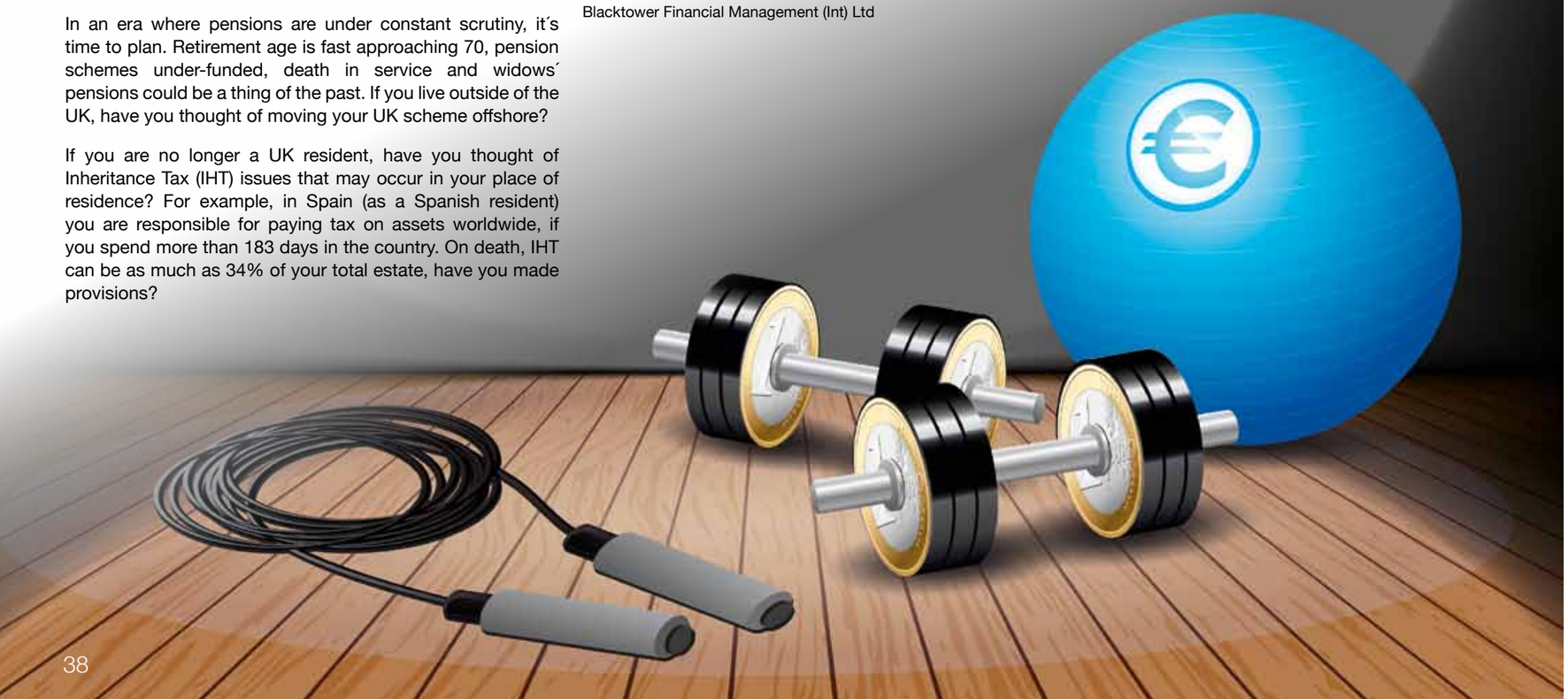
Blacktower Financial Management (International) Ltd has been in the offshore industry for many years and has a wealth of experience in every major city within Europe and is now expanding as far as the Caribbean. If you have any issues or concerns then it´s time to talk.

So in 2014, whether you want to lose weight, quit smoking or even fall in love, one thing´s for sure; Blacktower Financial Management (International) Ltd need to be at the top of your list.

By Ally Kerr – Director
Blacktower Financial Management (Int) Ltd

Here´s the top 10 of what you promised to do
(or not, as the case may be)

- Lose Weight
- Getting Organised
- Spend Less, Save More
- Enjoy Life to the Fullest
- Staying Fit and Healthy
- Learn Something Exciting
- Quit Smoking
- Help Others in Their Dreams
- Fall in Love
- Spend More Time with Family



Pensions could scrap widows' rights

and index-linked increases

First the governments attack savings by either taking money from individuals accounts or offering such low rates of interest that you are actually losing money by placing it in a savings account with the banks and building societies

Now they are turning their attention to pensions, their latest idea is to change the way final salary (defined benefit pensions) are run. They are proposing to scrap widows' and widowers' rights to any pension payouts as well as getting rid of indexation, under which payouts rise in line with inflation.

At the moment if you have a pension and die, usually 50% of your income is paid to your spouse until they die. This will no longer be the case if the rules are changed, the spouse will get NOTHING. How can this be fair, if a husband or wife work all their life and their partner stays at home either to bring up the family or through ill health cannot work, what are they expected to retire on, live on in old age? They usually haven´t paid enough contributions to get a full state pension and if they get no income from their spouses pension, what will happen to them?

In addition to this, the plans could force employees to wait longer before they can retire on a full pension as well as see their payments frozen and left at the mercy of inflation. There will be no index linked annual rise.

The proposals do not affect public sector workers or those in the private sector with 'defined contribution' pensions yet, but is just a matter of time before these come under scrutiny as well.

If you have a pension and would like to take control over the way it is paid out whilst you are alive and when you have passed away, would like control over the way it is invested, would like to minimise the amount of income tax and inheritance tax payable on your pension, then it's time to seriously think about QROPS or QNUPS.

By Christina Brady
Blacktower Financial Management (Int) Ltd

The above information was correct at the time of preparation and does not constitute investment advice and you should seek advice from a professional adviser before embarking on any financial planning activity.

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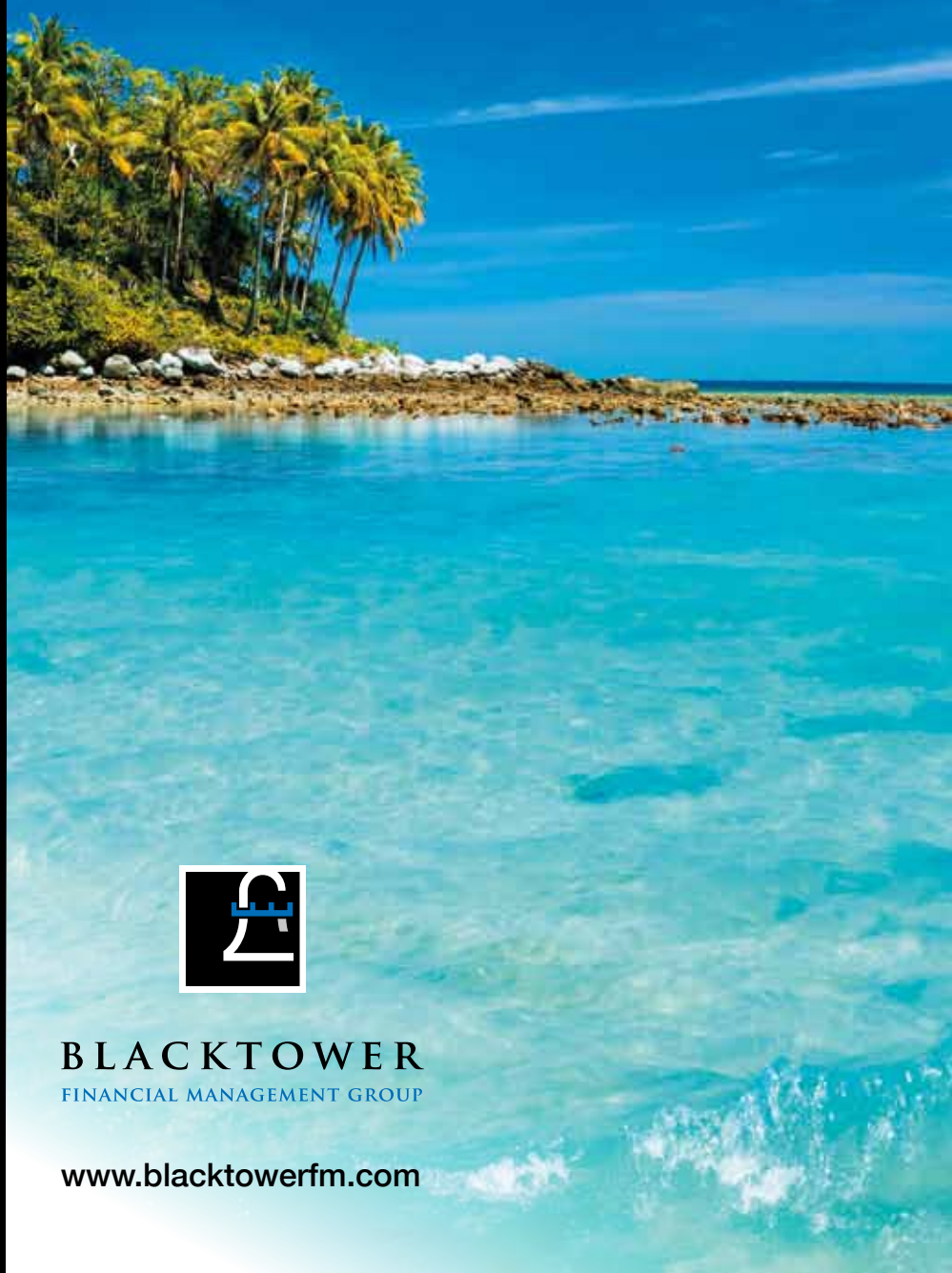
What our clients say...

"I met Keith Littlewood at the beginning of 2013 and initial impressions were that he was well presented, not too pushy and obviously knew his subjects. Keith invited me to a seminar which was primarily to help expatriates understand the importance of how to invest their money. I subsequently have decided to transfer my UK pensions to QROPS and Keith prepared a full report and explained what I asked very clearly including fees and charges. The whole process was very smooth and not stressful at all. I would always recommend Keith and Blacktower to others who were in a similar situation to me or indeed just needed advice from Advisers who know their subject." Karen Brown La Sella

"Having been with the same mortgage lender since purchasing a house at the age of 20, some 34 years ago, I never knew switching lenders to save money could be so easy. If only I had known. Paula Smith from Blacktower dealt with everything for me, in fact the most difficult part was filling in the forms. They took away all the worry and stress for me and I really can't recommend them highly enough. I will definitely be seeking their help again in the future". Moira Lang



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